



STRONG FAMILIES



STRONG FUTURE

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HOW THE *TAX CUTS & JOBS ACT* HELPS SOUTH DAKOTANS FROM ALL WALKS OF LIFE

Family of Four Making \$59,000 Per Year

- Steve and Kate have two children in middle school and are living a secure middle-class life – but budgets are tight. With tax reform, they'll get some much-needed breathing room financially.
- As a result of lower tax rates, a significantly larger standard deduction, an enhanced Child Tax Credit, and the new Family Credit, Steve and Kate will pay over **\$1,182 less in taxes** than last year, reducing their total tax bill from \$1,582 to only \$400. That's more money they can use for whatever is important to them – whether it's paying the bills, buying a new fridge, or putting away savings for the future.

Single Mom Making \$30,000 Per Year

- Cindy loves her job and has a promising career path as an assistant manager at a local restaurant. She works hard to support herself and her 11-year-old daughter. But most days, Cindy feels like she's barely getting by – much less getting ahead! With the *Tax Cuts & Jobs Act*, relief is in sight.
- Come Tax Day, Cindy will receive a tax refund of over \$1,000 as a result of the bill's lower tax rates, larger Child Tax Credit, and Family Credit. This is **over \$700 larger than the refund she receives today**, offering a more meaningful reward for her hard work.

Firefighter Making \$48,000 Per Year

- Alan is a young firefighter in the community he has called home his entire life. The *Tax Cuts & Jobs Act* will allow him to see even greater reward for his hard and selfless work.
- Under this legislation, Alan will pay a top marginal tax rate of just 12 percent, instead of the 25 percent top rate he pays today. Additionally, he'll see nearly double the amount of his paycheck protected from taxes because the bill significantly increases the individual standard deduction from \$6,350 today to \$12,000. In the end, Alan will see his total tax bill go down from \$5,173 currently to just \$3,872 – **a total tax cut of \$1,301**.

Local Small Business Making \$500,000 in income

- When Linda was a teenager, she started her own little lawn care business, mowing the yards of her neighbors during the spring and summer months. Sixteen years later, “Linda’s Gardening & Landscape” has 41 workers, serves three counties, and is expected to earn \$500,000 in net income this year. Under today’s broken tax code, Linda and her husband will personally be taxed on everything earned by the company. That means an income tax bill of about \$128,000.
- With the *Tax Cuts & Jobs Act*, Linda, her family, and her business will see some much-needed tax relief. Her net business income will be taxed at a low maximum rate of 25 percent, which in combination with no Alternative Minimum Tax (AMT) will **reduce her tax bill by about \$25,000**. This will allow her to use this hard-earned money to grow her business, create more jobs, and give her loyal workers a well-earned raise.

Start-up Business Making \$62,000 in Income

- Tom always dreamed of opening his own bakery. Two years ago, he went for it. Business has been slow, but steady. This year, he expects the bakery to earn roughly \$62,000 in net income.
- Under today’s tax code, he will pay \$8,638 in taxes. But, with the *Tax Cuts & Jobs Act*, Tom will see his tax bill go down to \$5,631 – **a tax cut of \$3,007**. This is due to the bill’s tax relief for small businesses that file as individuals. That’s a significant and sustained boost to help Tom through the ups and downs of owning a business, managing a payroll, and making his own American Dream a reality.